

LAW OFFICES
PRUITT, GUSHEE & FLETCHER

SUITE 1850 BENEFICIAL LIFE TOWER

SALT LAKE CITY, UTAH 84111

(801) 531-8446

ROBERT G. PRUITT, JR.
OLIVER W. GUSHEE, JR.
F. ALAN FLETCHER
THOMAS W. BACHTTELL
A. JOHN DAVIS, III
FREDERICK M. MACDONALD
STEVEN PAUL ROWE

DOGM
MINERALS PROGRAM
FILE COPY

TELECOPIER (801) 531-8468

August 7, 1989

RECEIVED
AUG 10 1989

DIVISION OF
OIL, GAS & MINING

Lowell Braxton, Associate Director
Division of Oil, Gas and Mining
Department of Natural Resources
State of Utah
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84108-1203

Re: Reclamation Contract and Surety
Crystal Peak Minerals Corp.
Sevier Dry Lake Project
Millard County, Utah

Enclosed for your further handling is Reclamation Contract executed by Crystal Peak Minerals Corporation to which are attached the following:

1. Exhibit A - Disturbed Area Description
2. Exhibit B - Form of Surety as follows:
 - (a) Copy of Corporate Surety Bond No. 8112-68-53 naming Crystal Peak Minerals Corporation, as principal, and Federal insurance Company, as surety, in the amount of \$53,000, presently posted with the Bureau of Land Management, with BLM letter of 2/5/87 and Schedule A of leases.
 - (b) Copy of Corporate Surety Bond No. 4600013 naming Crystal Peak Minerals Corporation, as principal, and Hartford Accident and Indemnity Company, as surety, in the amount of \$5,000, to the Utah Board of State Lands and Forestry.
 - (c) Original Board Contract executed by Crystal Peak Minerals Corporation to the Board of Oil, Gas and Mining in the amount of \$59,000.
3. Certificate of Resolutions and Incumbency executed by the assistant secretary of Crystal Peak Minerals Corporation dated August 1, 1989.

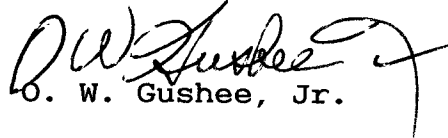
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Lowell Braxton
August 7, 1989
Page 2

In respect to the form of Reclamation Contract, the delineations modifying the form on the second page were made to conform the contract to the language of Sections 40-8-14 and 40-8-7 the Mined Land Reclamation Act.

Following execution of the Reclamation Contract by the Board of Oil, Gas and Mining and the Division of Oil, Gas and Mining and the execution of the Board Contract by the Board of Oil, Gas and Mining, please return copies of those completed and executed documents to this office.

Very truly yours,


O. W. Gushee, Jr.

OWG:rrt
1089.35
Enclosures
cc: Larry Sower (w/copies of encls.)
William V.H. Clarke (w/copies of encls.)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE
324 SOUTH STATE, SUITE 301
SALT LAKE CITY, UTAH 84111-2303

3504
U-37863 et al.
(U-942)

COPY

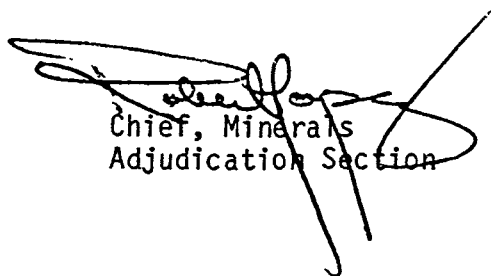
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DECISION

Crystal Peak Minerals Corporation	:	Potassium
c/o Pruitt, Gushee & Fletcher	:	U-37863 through U-37912
Suite 1850 Benefical Life Tower	:	
Salt Lake City, UT 84111	:	

Bond Accepted

A \$53,000.00 statewide mineral lease bond (No. 8112-68-53) covering potassium prospecting permits U-37863 through U-37912, inclusive, with Crystal Peak Minerals Corporation as principal and Federal Insurance Company as surety, was filed with this office on January 22, 1987. The bond has been examined, found to meet the requirements of 43 CFR 3504.1-5, and is accepted as of the date of filing.


Chief, Minerals
Adjudication Section

COPY

POLY NO. 4600013
CORPORATE SURETY BONDSTATE OF UTAH
BOND OF LESSEE

CRYSTAL PEAK MINERALS CORPORATION

KNOW ALL MEN BY THESE PRESENTS, that we A Utah Corporation of P. O. Box 3006, Houston, Texas 77253-3006 as principal and HARTFORD ACCIDENT AND INDEMNITY COMPANY, as surety, are held and firmly bound unto the State of Utah in the sum of Five Thousand and No/100----- Dollars (\$ 5,000.00) lawful money of the United States to be paid to the Board of State Lands and Forestry, as agent for the State of Utah, for the use and benefit of the State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or which may hereafter be sold with a reservation to the State of Utah, on the surface or of other mineral deposits of any portion of such lands, for which payment, will and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and seals this 1st day of August in the year of our Lord, 1989.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) Special Use Lease Agreement lease, Lease Number 752 and dated February 23, 1988, to Crystal Peak Minerals Corporation as lessee for the purpose of Construction and maintenance of a mineral processing plant on the following described lands to wit:

T 24S, R 12W, SLB&M
Sec. 16: S $\frac{1}{2}$

NOW, THEREFORE, THE principal shall be obligated to pay all monies, rentals, royalties, cost of reclamation, damages to the surface and improvements thereon and any other costs which arise by operation of the above described lease(s) accruing to the Lessor and shall fully comply with all other terms and conditions of said lease, the rules, regulations, and policies relating thereto of the Board of State Lands and Forestry, Division of State Lands and Forestry, the Board of Oil, Gas and Mining, and the Division of Oil, Gas and Mining as they may now exist or may from time to time be modified or amended. This obligation is in effect even if the principal has conveyed part of the purchase agreement interest to a successor in interest. If the principal fully satisfies the above described obligations, then the surety's obligation to make payment to the State of Utah is void and of no effect, otherwise, it shall remain in full force and effect until released by the Division of State Lands and Forestry.

Signed, sealed and delivered in the presence of

CRYSTAL PEAK MINERALS CORPORATION

Attest: Dwain S. Seay
WITNESS

BY: William V. H. Clark (Seal)
Principal

BONDING COMPANY HARTFORD ACCIDENT AND INDEMNITY COMPANY

BY: Philip N. Bair
Attorney-in-Fact

Witness: ~~XXXXXX~~ Lynn Mathes

RESIDENT AGENT: Donna George

BONDING CO. ADDRESS: 205 West 700 South, Salt Lake City
UT 84101

Corporate Seal of Bonding Company Must Be Affixed.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED
AUG 10 1989

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT

---oo0oo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/027/008
(Mineral Mined) Sodium, Potassium, etc.

"MINE LOCATION":

(Name of Mine) Sevier Lake
(Description) Millard County, Utah

"DISTURBED AREA":

(Disturbed Acres) 100.1 acres
(Legal Description) Exhibit A

"OPERATOR":

(Company or Name) Crystal Peak Minerals Corporation
(Address) P.O. Box 3006
Houston, Texas 77253-3006

(Phone No.) (713) 529-3755

OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone No.)

Oliver W. Gushee, Jr.

Pruitt, Gushee & Fletcher

1850 Beneficial Life Tower

Salt Lake City, Utah 84111

(801) 531-8446

"OPERATOR'S OFFICER(S)":

Mark Kuebler, President

William V.H. Clarke, Vice President

Gerald Seay, Vice President

"SURETY":

(Form of Surety - Exhibit B)

Corporate Surety Bonds

and Board Contract

"SURETY COMPANY":

(Name, Policy or Acct. No.)

(a) Federal Insurance Co. Corporate
Surety Bond #8112-68-53

(b) Hartford Accident and Indemnity Co.
Corporate Surety Bond #4600013

"SURETY AMOUNT":

(Escalated Dollars)

\$117,000

"ESCALATION YEAR"

1994

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

A "DISTURBED AREA":

B "SURETY":

Revision Dates:

EXHIBIT A

"DISTURBED AREA DESCRIPTION"

100.1 acres in Sections 3, 4, 5, 8 and 16
of Township 24 South, Range 12 West, SLM, and
Sections 34 and 35 in Township 23 South, Range
12 West, SLM.

EXHIBIT B-3 - SURETY AGREEMENT
BOARD CONTRACT

Permit Number M/027/008

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
(801) 538-5340

BOARD CONTRACT
--oo00oo--

Crystal Peak Minerals Corporation, a Utah corporation, (Operator), hereby binds itself, its successors and assigns unto the State of Utah, Board of Oil, Gas and Mining (Board), in the penal sum of Fifty-Nine Thousand Dollars (\$59,000.00) (BOND), and agrees to be held and firmly bound thereunder by the following terms and conditions:

1. The Board finds Operator has not been in default of or in non-compliance with Federal and State statutes and regulations pertaining to its operations in the State of Utah; and
2. Operator agrees that it will comply, or continue to comply, with all Federal and State statutes and regulations pertaining to its operations in the State of Utah; and
3. Operator asserts its net worth is not less than five times the amount of the BOND (as shown by the attached financial statement) and it will maintain such ratio throughout the term of the Reclamation Contract to which this Board Contract is attached as Exhibit "B"; and

4. The terms of this Board Contract and the conditions for release or adjustment of this BOND are as written and agreed to by the Division of Oil, Gas and Mining and the Operator in the Reclamation Contract to which this Board Contract is attached as Exhibit "B".

Dated this 1st day of August, 1989.

FOR the State of Utah
Board of Oil, Gas and Mining:

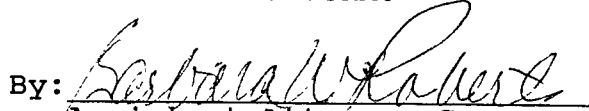

Board Chairman

FOR the Operator:

CRYSTAL PEAK MINERALS CORPORATION

By: William V. H. Clarke

APPROVED AS TO FORM:

By: 
Assistant Attorney General

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.

NOTE: Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

ATTACHMENT

Mining and Reclamation Plan Summary
Crystal Peak Minerals Corporation
Sevier Dry Lake Project
M/027/008-87(1)
March 31, 1988

Planned construction, all within the meander line of the lake, includes 12.8 miles of new clay dikes, approximately 15.0 miles of collection ditch, and a ten acre pilot pond system. Operations will consist of pumping 20,000 acre feet of lake brines into the new pond system and operation of the smaller pilot pond circuit. Dike construction under this amendment will enclose an additional 7,000 acres of lake surface. Including the 3,000 acres enclosed in 1987, this will bring the total pond area to nearly 10,000 acres. Of the 12.8 miles of new dike to be built in 1988, 3.1 miles will be interior dike in the 1987 area and 9.7 miles will frame the new ponds.

During Operations:

1. The proposed construction will disturb approximately 53 acres of state and federal land. Dikes will be constructed by employing draglines working on large wooden mats excavating lake sediments immediately adjacent to the dike alignment. The dikes will range from five to eight feet in height, depending on the contour. The base of the dikes would typically be a ratio of 2.5 X the height.
2. The brine collection ditch will be extended northward as the lake water recedes. At its current rate of decline, the lake should be essentially dry by the fall of 1988. Initially, the brine collection ditch will be dug to a depth of twelve feet with an anticipated width of twelve feet. The ditch will be excavated with a dragline operating in much the same manner as in the dike construction.

Following Operations:

Eventual reclamation of the dikes and ditches on the lake bed will be accomplished by deliberate flooding using existing pumps and brine collection systems. The evaporation pond complex will be sequentially flooded using the existing topographic features. The effect of the flooding will be to flatten dikes and fill adjacent trenches.

The estimated costs for the proposed action in 1988 dollars are:

(1)	Pump rehabilitation and pump maintenance @ 25% of fuel costs	3,500
(2)	Fuel costs @ \$.70 gal @ known fuel consumption rates	14,000
(3)	Labor, vehicle and support costs @ \$20/hr @ 6 months	<u>20,000</u>
		37,500
	Contingency @ 10%	<u>3,800</u>
	Subtotal	41,300

The above cost estimate is in substitution for all previous estimates associated with pond system reclamation. The following estimates apply to previously approved reclamation costs for project works not sited on the lake bed (1987 and 1988 Mining Plans):

1)	Borrow Area, Grade and Contour*	1,100
2)	Borrow Area, Revegetate*	6,800
3)	Water Well Plugging*	5,000
4)	Campsite Reclamation	<u>3,500</u>
		16,400
	Contingency @ 10%	<u>1,600</u>
		18,000

* Less reclamation work completed and awaiting site inspection by the State	
Subtotal	<u>8,800</u>
	9,200

Combined Reclamation Surety Required for CPMC

1987 Construction	9,200
1988 - 1990 Construction	<u>41,300</u>
Total 1988 Dollars	50,500
Total 1990 Dollars(*)	52,900

* Escalation through 1990 @ 2.3%/yr

The total amount of reclamation bonding thus required is \$52,900. This amount is sufficient to ensure adequate reclamation for permitted work to date



Norman H. Bangert
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

July 26, 1989

TO: Board of Oil, Gas and Mining

THRU: Lowell P. Braxton, Associate Director, Mining *Lf*

FROM: D. Wayne Hedberg, Senior Reclamation Specialist/Hydrologist *DWH*

RE: Request for Approval of Amount and Form of Reclamation Surety, Crystal Peak Minerals Corporation, Sevier Dry Lake Project - Permit Amendment, M/027/008-89(1), Millard County, Utah

The Division seeks the Board's approval for the amount and form of reclamation surety to be provided by Crystal Peak Minerals Corporation for the proposed amendment to the Sevier Dry Lake Project. The 1989 project amendment has been reviewed and approved by the Division of State Lands and Forestry, the BLM, and the Division of Oil, Gas and Mining. The following background information is attached for your review:

1. An executive summary of the proposed permit amendment.
2. A copy of the reclamation surety cost estimate for the project amendment (\$59,000 in 1994 dollars).
3. A copy of the operator's formal request for approval of a Board Contract to cover one half of the reclamation surety estimate for the Sevier Dry Lake Project (\$59,000).
4. A copy of the Division's "Self Bonding Qualification Sheet" based upon Crystal Peak Minerals Corporation's unaudited June 30, 1988 and March 31, 1989, financial balance sheets.

Upon the Board's acceptance of the amount and form of reclamation surety, the Division will issue formal written approval to Crystal Peak Minerals Corporation.

DWH/jb
Attachments
MN2/18

CRYSTAL PEAK MINERALS CORPORATION
BALANCE SHEETS
JUNE 30, 1988 and MARCH 31, 1989

ASSETS	JUNE 30, 1988	MARCH 31, 1989
CURRENT ASSETS		
CASH	\$5,770	\$10,320
PREPAID EXPENSE	8,702	58,737
	-----	-----
TOTAL CURRENT ASSETS	\$14,472	\$69,057
PROPERTY, PLANT, and EQUIPMENT	\$4,021,507	\$4,806,182
LESS DEPRECIATION	56,995	87,684
	-----	-----
	\$3,964,512	\$4,718,498
OTHER ASSETS AT COST	\$7,695	\$5,224
	-----	-----
	\$3,986,679	\$4,792,779
	=====	=====
LIABILITIES and STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	\$272,370	\$428,155
ACCRUED EXPENSES	35,318	4,387
	-----	-----
TOTAL CURRENT LIABILITIES	\$307,688	\$432,542
STOCKHOLDER'S EQUITY		
CAPITAL STOCK	\$3,620,000	\$4,285,600
STOCK WARRANTS PAYABLE	57,991	66,583
RETAINED EARNINGS	1,000	8,054
	-----	-----
TOTAL STOCKHOLDER'S EQUITY	\$3,678,991	\$4,360,237
	-----	-----
	\$3,986,679	\$4,792,779
	=====	=====

See accompanying notes to balance sheets

THIS BOND EXECUTE () DUPLICATE

Bond No. 8112-68-53

Form 3104-3
(July 1974)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Serial Number

STATEWIDE OR NATIONWIDE MINERAL LEASE BOND
(EXCEPT OIL AND GAS)

KNOW ALL MEN BY THESE PRESENTS, That we,
CRYSTAL PEAK MINERALS CORPORATION

of the county of Salt Lake, in the State of Utah
as principal, and FEDERAL INSURANCE COMPANY, of the county of Somerset
in the State of New Jersey, as surety, are held and firmly bound unto the United States
of America in the sum of Fifty Three Thousand and No/100-----

(\$ 53,000.00) lawful money of the United States, for which payment, well and truly to be made
we, by these presents, bind ourselves, and each of us, and each of our heirs, executors, administrators, successors
and assigns, jointly and severally, upon the following conditions, viz;

If the amount of this bond is \$75,000, or if it is raised by an attached rider to that amount, coverage shall extend
all the principal's holdings involving deposits in the United States, including Alaska, under the
Act or Acts cited in Schedule A.

If the amount of this bond is \$25,000, its coverage extends only to the principal's holdings involving Potassium
deposits in the State named in Schedule A. Furthermore, such coverage is confined to the holdings under the Pub
Domain Leasing Act of February 25, 1920 (41 Stat. 437) as amended.

SCHEDULE A

Public Domain Leasing Act of February 25, 1920 (41 Stat. 437) as amended and supplemented (30 U.S.C. 181-287)		Acquired Lands Leasing Act of August 7, 1947 (61 Stat. 913; 30 U.S.C. 351-359)	
NAME OF STATE	LEASE NUMBER	NAME OF STATE	LEASE NUMBER
Utah	See attached		

The conditions of the foregoing obligations are such that, whereas the said principal, in one or more of the following ways, has an interest in mineral leases issued under the Act or Acts cited in Schedule A of this bond:

1. as the lessee of such leases;
2. as the approved holder of operating rights in all or part of the lands covered by such leases under operating agreements with the lessees; and
3. as designated operator or agent under such leases pending approval of an assignment or operating agreement; and

WHEREAS the principal is authorized to drill for, mine, extract, remove, and dispose of mineral deposits in or under the lands covered by the leases, operating

agreements or designations, and is obligated to comply with certain covenants and agreements set forth in the instruments; and

WHEREAS the principal agrees that the coverage of this bond, in addition to the present holdings of the principal, shall extend to and include:

1. Any mineral lease hereafter issued to, or acquired by, the principal affecting mineral deposits in the State or States now named in Schedule A, or later named in any rider, the coverage to be confined in the principal's holdings under the Act or Acts cited at the head of the column in which the name(s) of the State or States appears and to become effective immediately upon issuance or upon departmental approval of a rider in favor of the principal.

SPECIAL STIPULATIONS
POTASSIUM PREFERENCE RIGHT LEASES
U-37863 THROUGH U-37912

1. The dust from the Black Rock Road, parking lots, and other roads will be reduced by spraying Magnesium Chloride on the smooth surface.
2. The borrow pits will be sloped and shaped so the pits will appear a wide spot in a draw. Each borrow pit will be designed with a livestock/wildlife pond in it which shall catch precipitation runoff. The catchment ponds will be built so animals could enter the water, drink and safely exit. Once construction is completed and equipment is not disturbing the soil, all areas which are not occupied by roads, structures, parking lots, powerline, etc. will be seeded with the following mix:

<u>SEED</u>	<u>POUNDS PER ACRE</u>
Indian Ricegrass	$\frac{1}{2}$
Prostrate Kosha	1
Ephraim Crested Wheatgrass	3
Winterfat	$\frac{1}{2}$

This seed will not be used in areas of high salt concentration, i.e., on dikes or near the salt storage piles, but all viable areas, i.e., borrow pits, well field, powerline, etc. will be seeded.

Top soil from the borrow pits will be stockpiled, then spread over the pits as part of the site rehabilitation.

3. Crystal Peak Minerals Corporation shall place a water tap in the process water line so BLM can supply water to livestock/wildlife.
4. Crystal Peak Minerals Corporation will insure that eagle perches will be built every .5 mile along the powerline. The perches would be built in accordance with REA Bulletin 61-10, Figure 5. This construction would provide a safe roost for eagles.
5. The collection ditches will not be built any further north than necessary and the ditch berms north of the needle point dike will be spread out so they are fairly flat. The dikes throughout the project will be kept to a minimum height as needed for the project. Dikes, buildings, and other structures will be built with materials and colors that blend with the surrounding landscape. The powerline will be constructed with wood poles to blend into the surroundings.
6. If previously unknown cultural or paleontological values are discovered during construction, (i.e., excavation) all work will stop and the District Archaeologist will be called to clear the problem.

7. Upon abandonment of the salt extraction operation, the processing plant and associated facilities located on State land (Section 16, under a lease) will be removed. The earth will be returned to a natural contour and reseeded to specifications of the State of Utah.
8. The dikes and ponds on BLM land will be restored. If the lake level is high, the dikes will be breached so that wave action would reduce the dikes to the flat bottom of the lake. If the lake is dry, the dike material will be spread to the flat contour of the lake bed. All structures will be removed and the surface returned to a natural contour. The process water wells, if still functional, will become the property of BLM. All disturbed areas will be seeded with the seed mix specified in the soils section of the mitigation portion of the EA.
9. The lessee will comply with all State and Federal clear air and water quality regulations and laws.

CRYSTAL PEAK MINERALS CORPORATION

By: _____
Lessee's Signature
William V.H. Clarke
Vice President

Surety Submittals
for the
Crystal Peak Minerals Corporation
Sevier Dry Lake Project
M/027/008
March 2, 1989

See

<u>Date</u>	<u>Transaction</u>
01-22-87	A statewide mineral lease bond (No. 8112-68-53) -- in the sum of \$53,000 -- was filed with the BLM for potassium prospecting permits U-37863 thru U-37912, inclusive.
05-29-87	Crystal Peaks Minerals Corporation provides a letter of credit (No. S105197) -- in the sum of \$42,900 -- issued by Texas Commerce Bank on 04-16-87. It had an expiry date of 04-01-88.
01-08-88	Crystal Peak Minerals submits a reclamation estimate of \$135,169 (1993 dollars) for reclamation of year-to-date disturbances (including anticipated 1988 disturbances).
01-27-88	A Board Contract is submitted and signed by Crystal Peak Minerals for the amount of \$135,169.
02-29-88	The BLM sent a letter to the Board of Oil, Gas and Mining stating the \$53,000 bond is sufficient for reclamation under the approved partial mining plan.
03-04-88	O.W. Gushee submits change in reclamation plan and bond estimate. The new estimate is \$52,900.
03-31-88	The Board of Oil, Gas and Mining accepts the form and amount of surety -- BLM holds bond in amount of \$53,000.
04-01-88	The letter of credit in the amount of \$42,900 expired. Total surety is \$53,000, held by BLM.